and they talk about their situation, 60 percent of American workers, are making less money now than they did 20 years ago when you adjust their income for inflation. They are making less money now than 20 years ago. They have made no progress in 20 years. In fact, they have lost ground.

Now, why would people lose ground in 20 years with respect to their personal income? Because we have constructed a trade circumstance where we say to them, you American workers, especially you lower skilled American workers, we are going to ask you to compete with 2 or 3 billion other people and those people are willing to work for 12 cents an hour, 40 cents an hour or a dollar an hour. And they work for people who put up factories where they do not have to worry about pollution. They can pump the waste in the water. They can pump the pollution straight up in the air.

So, the result is we get somebody working an hour and a quarter of direct labor to make a pair of tennis shoes in Malaysia, making 14 cents an hour. Thus there is roughly 20 cents or slightly less in direct labor costs in a pair of tennis shoes from a plant in Malaysia. The labor comes from a woman, often under age, who works 12 hours a day at 14 cents an hour. Then that tennis shoe made there is shipped to Pittsburgh or Fargo or Denver and sold for $80 a pair. It comes with a 20-cent direct labor cost from a foreign country. It is under these kind of circumstances that we have told American workers: ‘‘You compete with someone making 14 cents an hour.’’

We cannot do that. You cannot compete with that. You lose. What do you lose? You lose the jobs. You lose the plants and the jobs, and you lose economic opportunity and economic vitality in our country.

As perverse as it may sound, we not only have this problem in merchandise trade deficits, but we also have a provision in our tax law that says we are going to make it easier for companies to do that. Our tax laws say, ‘‘We will provide a tax incentive in America's tax code if you will please shut the doors to your plant in America and move your jobs overseas.’’

We have a tax incentive that says, ‘‘Shut your plant down here and move your jobs overseas. We will give you a tax cut.’’

Interestingly enough, in the bill that went to the President for a veto during this budget battle there was another provision that made it even a sweeter deal to close a plant here and move jobs overseas.

When that bill was in this Chamber, I offered an amendment which would shut down this perverse incentive that says, ‘‘If you move your jobs overseas, we will give you a tax break.’’ I said. ‘‘Let us shut that down.’’

If we can agree on anything, it ought to be on this. We ought not give a tax break for moving jobs out of America.’’

Do you know the vote was a partisan vote, essentially a partisan vote? Everybody on one side voted for my amendment, everybody on the other side voted against it, and we lost. It makes no sense at all. We need to come together and decide as a matter of economic strategy what we want for this country.

Part of it is a more sensible tax law. Part of it is a more sensible trade strategy that provides fairness and opportunity for American workers and provides for the resurgence of an American manufacturing sector. We need to do that soon.

The reason I mention it today is it in some respects fits with what we are talking about with respect to agriculture. I do not want to build walls. I wish to build bridges. As a fellow who represents a State that needs to find a foreign home for a fair amount of grain, I understand the need for international trade. I want to expand trade, not restrict it.

I wish to make darned sure that the circumstances of trade are represented by fair rules. I do not mind that Americans should have to compete. They must compete and must win in competition, but the competition must be fair. We should not say to an American worker and his family, ‘‘You compete against someone overseas making 14 cents an hour employed by someone who does not have to follow any laws with respect to pollution.’’ I say that is not fair. We need to dig into this and be concerned about it and respond to it. It relates to the issue that I described about where we are going with respect to wages and opportunity and where we are going with respect to jobs in this country's future.

Mr. President, I will be in the Chamber tomorrow to offer some amendments and discuss in some detail the alternatives that we will be discussing when we talk about the farm program. There will be some differences, and as I said the major difference between us is that many of us feel we should not withdraw a long-term safety net from family farmers. Notwithstanding those differences, I hope there will be significant agreement as well because I want by the end of the day tomorrow to have this Senate pass out into a conference committee some kind of basic farm legislation. This Senate owes that to American farmers.

Mr. President, I yield the floor, and I make a point of order that a quorum is not present.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PRESSLER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SMITH). Without objection, it is so ordered. The Senator from South Dakota.

Mr. PRESSLER. I thank the Chair.

AGRICULTURAL MARKET TRANSITION ACT OF 1996

The Senate continued with the consideration of the bill.

Mr. PRESSLER. Mr. President, I hope that we can enact farm legislation quickly. I just met with a group of farmers in my State. They expressed to me the need to work with their bankers to make their spring plans for planting. They expressed to me the need to have a farm bill passed for purposes of their planning, so that they could have certainty of their investment.

There has been much debate in this Chamber over the years on farm policy. I know that there are currently several approaches that are floating around the Chamber. One is, more or less, some modification of the Freedom to Farm Act, as suggested by Congressman ROBERTS and others, there is another plan to have a new farm bill and another to continue the present farm bill for a year.

I suspect that in this Senate with the need for cloture, it will be hard to get a cleancut decision on any one of those bills. I suspect that we will have to have a compromise of one of those approaches.

Let me say that in talking to the farmers from my State—these particular farmers were grain farmers, corn and wheat farmers—they thought the Freedom to Farm Act would be most advantageous to them from what they had heard and from what they knew about it. They felt strongly that they might even like to try some new crops, crops that they do not presently grow now, or do some experimenting with new crops. Under the traditional farm programs where we have commodity programs for this crop and that crop, as defined in legislation, producers are locked in to growing corn or wheat or whatever. They expressed to me support for planting flexibility under the concept of freedom to farm.

I am concerned about having a cap on who receives benefits. If we had freedom to farm, a cap on the income levels of farmers who might receive benefits or possibly the size of farm or something other test might be needed. There also has been a debate over the budgetary numbers, and we always have different budgetary numbers. Congressman ROBERTS argues that his plan would actually save the taxpayers money and lead us into the time when commodity prices might be much higher.

The advantage to extending the current farm bill would be that we are in the midst of a planting season, that this is a program that our people have become accustomed to and that they can farm and prosper, to some extent.

Underlying all of this is the fact that commodity prices have gone above what the target price trigger is; that is wheat and corn prices are above the level that they receive a subsidy. So farmers are paying back the so-called deficiency payments, and this has caused some hardship because people have used those deficiency payments in their operations. But there is provision for the Secretary of Agriculture to make adjustments where there is hardship.

Mr. President, I know that tomorrow we will have a cloture vote—we may have more than one cloture vote—and then we will have some amendments. It might well be that we have an experimental 2-year freedom to farm with some continuation of the deficiency payments program. But above all, we should act, because on too many issues, for one reason or another, Washington has not produced either a budget or a farm bill or, indeed, a telecommunications bill, which I hope we will produce soon also.

We have the people's work to do, and I hope we are here and doing it. But I urge that this Chamber come to a conclusion on the farm bill tomorrow or, hopefully, within a week. I will be here to assist in that process, as will my colleagues.

Mr. President, I yield the floor.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, the farm bill has become a focal point now for legislation in Washington and not too soon. I think it is the first time in 40 or 50 years we have failed to enact a farm bill in the year that the farm program expired. So we are a year late, and this is what my distinguished friend from South Dakota is saying.

I worry about the Freedom to Farm Act because that is a check that goes to the farmer, and, basically, some farmers are referring to it as welfare. You can lock your door, go to Florida, and still get your check and not raise any grain, not raise any crop. Therefore, your local fertilizer dealer, local equipment dealer, local feed and seed people no longer will be selling. So, therefore, it worries a lot of folks that the so-called payment, regardless of whether you have a high price or a low price, will be received.

That does not seem quite fair to me, where under the present program you stabilize the market. If you go under, the prices are lower than the set price, then you get some help. If it goes above that, then you make a profit and you do not need the money. So somehow or another, it has stabilized, in my mind, the market.

What is so frustrating now to the farmers is it appears that it is this or nothing. In the beginning, the Freedom to Farm Act was opposed by the American Farm Bureau late last November. We have copies of the letter where they oppose the freedom to farm act.

Now, as we fail to enact a farm bill and we get closer to the time where southern States are beginning to plant, or within the next few weeks, they are very concerned. The farmers in my State who are preparing for the spring are very concerned about their financial situation.

I think we have to be very careful that we do not allow the last-minute gasp here to remove the safety net for the farmers in the future, because under the Freedom to Farm Act, the farm program in 7 years is gone, or sooner than that when the general public finds that if you do not farm, you get a check every year, and it could be up to as high as $120,000 a year. The general public is not going to like that.

You can cut all the deals you want to for milk and nutrition and all those sort of things and pass the Freedom to Farm Act, or at least send it to conference. I think that it is incumbent upon all of us to be sure that the future of farming stays around.

In my State, the average farm is 157 acres. So farming is a very narrow operation as to the products, as to the income and for stability in our farm program.

Mr. President, I have real concerns. The Senator from South Dakota talks about flexibility. You have a quota, you have an allotment, whatever it might be, as to acres. We propose that you have flexibility, that you do not lose—say you have 100 acres and you want to take 30 acres to try something else. If something else does not work, then you can revert back to your 100 acres. So it gives flexibility.

You can give to farmers a good, well-thought-out, debated farm bill to give them a future and a safety net that I think will be more in keeping with our, or at least, what my idea is of a farm bill for agriculture's future.

So, Mr. President, I hope that when tomorrow comes and we try to push a farm bill through quickly—and maybe a telecommunications bill, whatever it might be here—that we do not rush through without giving as much thought to the future of farming in this great country as we should.

I think you will find some offers tomorrow, ways that can be, I feel, a good future for agriculture, rather than saying, "Here is a check every year for the next 7 years, and at the end of that time, you are out on your own."

My small farmer will not be able to accommodate that. I think we ought to pass a farm bill that gives hope to the farmer and encouragement to young farmers to stay on the farm and not move so quickly on the basis of being under the gun.

We have delayed in this Congress, more than any time during my 21 years, right up to the hilt. It is the first time I have not been able to see a farm bill until this late—yesterday afternoon—which we are going to be called upon to vote on tomorrow. Just highlights of the farm bill were in the RECORD, but I would like an opportunity to read the fine print. I was brought up that "the devil is in the fine print." I want to read the fine print and see what this bill and piece of legislation says.

Mr. President, I hope that eventually we have a farm bill that we all can be proud of, which the farming community can rally around, and that we do not leave any particular field—if that is a good word for farming—out hanging by itself, not protected and cared for as we would like it to be for the future.

So I am very concerned about the farm bill. I am concerned that we will just get rid of it or push it so we can go out and have Presidential politics in the next few weeks. I think that happens to be very important to several of our colleagues. But I do not believe that the farm States are interested in us doing something hastily, which would not bring them a future as it relates to the community.

Farm products and prices are good. So, as I understand it, we have saved about $5 billion that was set aside for the farmers if the prices were projected, as CBO said they were going to be, downward. Instead of that, CBO was wrong on this one. The prices have gone up. There is about $5 billion not expended that was based on the projection of CBO about this time last year.

So it just proves that CBO is not right all the time and that we have the ability to make the farm bill substantial and stabilize the market through some of the procedures we have held onto in the past. Secondly, we can give flexibility to the farmer to try new products, without losing their total allotment or set-aside.

So, Mr. President, I urge my colleagues to be very careful in their deliberation of the farm bill tomorrow. If it takes another day, so be it. We have waited now a year. We are about a year late in passing the farm bill. Usually, we have a 5-year farm bill. At least, in 1985 and 1990 we did. Most of the farmers were able to operate under that because we gave them some long-term stability.

My colleague from South Dakota indicated there might be just an extension with a few changes in the present farm bill in order to give us more time to be sure that our farm bill for the future is correct. That may be something we want to give serious consideration to—a year or two extension of the present farm bill, with some modification as it relates to the deficiency payments.

I understand the dilemma. You have a deficiency payment, you are not entitled to it, and you are supposed to pay it back. Now the farmers have used it and do not want to pay it back or cannot pay it back. I understand that. But there was an understanding in the beginning.

So my point here—and it may not be very cogent—is that I hope my colleagues will be very careful before they rush pell-mell into trying to get a farm bill out of here tomorrow so we can go home tomorrow night. We ought to stay here and develop a good farm bill that would be in the interest of the future of the farmers.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KYL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KYL. I ask unanimous consent that I be able to speak for up to 20 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

BALANCING THE BUDGET

Mr. KYL. Mr. President, the reason I wanted to address the Senate at this time is that having spent a few days in Arizona recently visiting with constituents, I think that I have learned something that is important for us to share as we continue this debate about the budget impasse and whether we are going to be able to reach an agreement on a balanced budget.

What I have heard from my constituents is, they are as concerned about the other side of the equation, namely, the income side of the equation, as they are about the balancing of the budget by the saving money side of the equation. Specifically, in the context of the new report issued a couple of weeks ago by the so-called Kemp Commission, they are suggesting that we should turn more of our attention to how we raise our revenue as much as we do to how we save our revenue. The report, entitled ''Unleashing America's Potential,'' is the official name of the National Commission on Economic Growth and Tax Reform Report, the so-called Kemp Commission Report that was issued about 2 weeks ago of this past month.

Jack Kemp, who is the chairman of that commission, traveled to Phoenix and gave a couple presentations to constituents of mine talking about this, and combined with other meetings I have attended, as I have said, the conclusion I have come to is that while my constituents are very interested in balancing the budget—and they have encouraged me to stay the course and continue to try to press the President to reach a meaningful balanced budget over 7 years—they have also concluded, as I have, that that may not be practicable right now, the President just may not be ready to make a budget deal, that the incentives are not there for him to reach an agreement.

If that is so, what they are saying is, look at the other side of the equation, because there is another debate that is starting in this country about how to raise tax revenues, and that debate could have as much to do not only with how we balance the budget but also how we promote economic growth in this country.

Today, very briefly, I want to talk about those two subjects. When a family sits down at the table and figures up how they can do better economically to send their child to college or to buy the new car they have to buy because the old one is pretty much on its last legs, or any other way try to figure how they will do better economically, they generally look at both sides of the equation.

They say, ''Well, first of all, are we spending too much money? Can we save money? Are we going out to dinner too much? Are we going out to the movies too much? We can save some money. We can pinch some pennies.'' And they figure out how much they can save.

That is what we are trying to do with our balanced budget. We are trying to say the Government can save a lot of money. Republicans are talking about saving hundreds of billions of dollars over a 7-year period, thus being able to balance our budget. The President would like to spend about $400 to $500 billion more than we would. That is why we have not been able to reach agreement with him on a balanced budget. Clearly, we ought to be looking at the side of the equation that tells us whether we are spending too much money.

But the other side of the equation is how can we cause the economy to grow so that not only will families be better off, so that they will not have to rely upon the Government so much, but that they will actually be producing more in terms of productivity and therefore more revenue to the Federal Government with existing tax policy? We can actually talk just like a family talks about getting a raise or doing something in business so they can make more money, which is the other half of their fiscal health, I guess you can call it.

The Federal Government can be doing the same thing. There are two ways to do that. There is a wrong way and a right way. The wrong way says let us raise tax rates. That will bring in more money to the Federal Treasury. We know the last tax increase, the biggest in this country's history, promoted by the President, did not raise income nearly as much as the administration projected because, of course, people changed their behavior. The most graphic example of that was the 1990 tax increase which included a much higher tax on luxury items, such as expensive cars and yachts and furs. And what happened to the people that were building the yachts? They went out of business, because people could not afford to pay the high tax so they stopped buying the yachts, as a result of which not only did the Federal Government not get the revenue but it actually had to pay money in terms of unemployment compensation because a lot of people lost their jobs because the yachts were not being made. Of course those people did not pay income taxes.

So the bottom line was that even though the income tax rate was increased, the revenues did not increase at all. That is what we found in this last tax increase. Revenues to the Treasury have not increased nearly as much as the administration predicted. So we know that raising tax rates does not necessarily mean an increase in income.

We also know that lowering tax rates can sometimes mean an increase in revenues to the Treasury. It is a little bit like the person who puts goods on sale about Christmastime. He does not do that to lose money. The retailer knows you can more than make up in volume what you lose in terms of the price cut. The same thing in taxes. You can reduce taxes and make more revenue for the Treasury because you have promoted commercial activity.

As a matter of fact, in the preamble to this report, ''Unleashing America's Potential,'' former HUD Secretary and Representative, Jack Kemp, quotes John F. Kennedy who gave a speech before the Economic Club of New York in December 1962 and said this:

> In short, it is a paradoxical truth that tax rates are too high today and tax revenues are too low, and the soundest way to raise the revenues in the long run is to cut the rates now. . . . The purpose of cutting taxes now is not to incur a budget deficit, but to achieve the more prosperous, expanding economy which can bring a budget surplus.

That is John F. Kennedy in 1962, who also said ''A rising tide lifts all boats,'' meaning if we can get the economy growing again everyone will benefit, the entrepreneur who has had his tax rates cut as well as the person looking for a job who finds that there are jobs available because there is increased economic activity. It all has to do with injecting more capital into the private sector. John F. Kennedy made the point.

Ronald Reagan made the point 20 years later. When tax rates were reduced in the Reagan administration, tax revenues for the Treasury were increased. That is what we are talking about here in the Kemp economic report, a fairer, simpler, single-rate tax that would promote economic growth and opportunity and job creation because it would provide the incentive for investment and savings rather than the incentive which we have today which is get as many deductions as you can by borrowing, because that is how you can, in effect, work the Tax Code.

Some of our friends on the other side of the aisle say, ''A tax cut for the rich is what you are talking about. Capital gains are enjoyed by rich people, so if you cut the capital gains tax that helps them.''

You know, nothing can be further from the truth. As Jack Kemp has pointed out, a capital gains tax cut benefits the poor more than the rich. The rich people do not have to sell their assets. What they can do is use their assets as collateral to borrow money and take an income tax deduction on the interest costs of borrowing and they still have their capital assets. So the rich people do not have to have a capital gains tax cut. They can use the capital as the equity to borrow money and then write off the interest on their income taxes.

It is the poorer people in our society, who are looking for a job, or a better job, who can benefit by a capital gains